

§ 585.505

30 CFR Ch. V (7–1–12 Edition)

§ 585.505 What are the rent and operating fee requirements for a limited lease?

(a) The rent for a limited lease is \$3 per acre per year, unless otherwise established in the Final Sale Notice and your lease instrument.

(b) You must pay ONRR, under the regulations at 30 CFR part 1218, the first 6-months rent when BOEM issues your limited lease, as provided in § 585.500.

(c) You must pay ONRR, under the regulations at 30 CFR part 1218, rent at the beginning of each subsequent 1-year period on the entire lease area for the duration of your operations term in accordance with the regulations at 30 CFR 1218.51.

(d) BOEM will not charge an operating fee for the authorized sale of power from a limited lease.

§ 585.506 What operating fees must I pay on a commercial lease?

If you are generating electricity, you must pay ONRR, under the regulations at 30 CFR part 1218, operating fees on your commercial lease when you begin

commercial generation, as described in § 585.503.

(a) BOEM will determine the annual operating fee for activities relating to the generation of electricity on your lease based on the following formula,

$$F = M * H * c * P * r,$$

Where:

- (1) F is the dollar amount of the annual operating fee;
- (2) M is the nameplate capacity expressed in megawatts;
- (3) H is the number of hours in a year, equal to 8,760, used to calculate an annual payment;
- (4) c is the “capacity factor” representing the anticipated efficiency of the facility’s operation expressed as a decimal between zero and one;
- (5) P is a measure of the annual average wholesale electric power price expressed in dollars per megawatt hour, as provided in paragraph (c)(2) of this section; and
- (6) r is the operating fee rate expressed as a decimal between zero and one.

(b) The annual operating fee formula relating to the value of annual electricity generation is restated as:

F (annual operating fee)	=	M (nameplate capacity)	*	H (hours per year)	*	c (capacity factor)	*	P (power price)	*	r (operating fee rate)
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(c) BOEM will specify operating fee parameters in the Final Sale Notice for commercial leases issued competitively and in the lease for those issued non-competitively.

(1) Unless BOEM specifies otherwise, in the operating fee rate, “r” is 0.02 for each year the operating fee applies when you begin commercial generation of electricity. We may apply a different fee rate for new projects (*i.e.*, a new generation based on new technology) after considering factors such as program objectives, state of the industry, project type, and project potential. Also, we may agree to reduce or waive the fee rate under § 585.510.

(2) The power price “P,” for each year when the operating fee applies, will be determined annually. The process by which the power price will be determined will be specified in the Final Sale Notice and/or in the lease. BOEM:

(i) Will use the most recent annual average wholesale power price in the State in which a project’s transmission cables make landfall, as published by the DOE, Energy Information Administration (EIA), or other publicly available wholesale power price indices; and

(ii) May adjust the published average wholesale power price to reflect documented variations by State or within a region and recent market conditions.

(3) BOEM will select the capacity factor “c” based upon applicable analogs drawn from present and future domestic and foreign projects that operate in comparable conditions and on comparable scales.

(i) Upon the completion of the first year of commercial operations on the lease, BOEM may adjust the capacity factor as necessary (to accurately represent a comparison of actual production over a given period of time with